



**We are ready for tomorrow**

# Preface by the Managing Board



## **Crisis-proof, sustainable, strong membership**

2022 has become known as the year of the so-called “Zeitenwende” or turning point. The war in Europe has fundamentally changed both the political world order and the global economic system. This has also significantly increased the macroeconomic challenges for our customers and for our Volksbank. Among others, these include the burdens of the energy crisis, the high inflation rate and the rapid rise in interest rates. Despite these conditions, which were both exceptional and challenging, we succeeded in laying the foundation for continued growth, further expanding our market position in all core areas and strengthening our bond with our members.

*Dear Ladies and Gentlemen,*

when times are tough, it is good to have a bank at your side that is prepared for all challenges, has an excellent product portfolio and can demonstrate outstanding solutions expertise. After the Corona crisis subsided, we were able to prove once again in 2022 that we are the strong, reliable partner for both our private and our commercial customers despite extraordinary general conditions.

#### **All core areas in the black**

Not only our customers, but also all core areas of our cooperative bank benefited from this. The corporate client sector and our construction financing business, in particular, gave us a lot of pleasure in the past business year. Both areas grew strongly once again. In addition, we were able to grant significantly more loans, and customer deposits also increased significantly.

#### **Strong shareholder campaign**

When we look back on the year 2022, one of the convincing factors is our special shareholder campaign. We issued 129,000 new shares to our members. As such, we took a decisive step towards sustainably strengthening our equity capital. It is a win-win situation: at the same time, our members benefit even more from our dynamic development. We will again propose a dividend payment of two per cent at the Annual General Meeting.

#### **Future-oriented cooperative model**

We are constantly developing our cooperative business model, consistently focusing on personal and virtual customer service as well as on customer proximity, and on setting standards in banking. And: we have also become “green”. This means that we are not resting on the sustainability goals we have already achieved, such as climate neutrality, but have further intensified our efforts and optimised numerous processes as a result.

#### **Confidently into the future**

The rapid increase in interest rates aimed at curbing inflation has caused the prices of our own investments in fixed-interest securities to fall. This temporary effect is currently burdening our valuation result. Regardless, it will be adjusted again when the bonds are repaid at full nominal value upon maturity. In the long term, we will benefit again from rising interest rates.

The extent to which we have already become the first choice for people in the region is also shown by the digital and personal communication with our customers, which we have significantly expanded. Our team can look back at a strong advisory performance in obtaining the necessary consent of all clients to the GTC.

Therefore, our dedicated colleagues at Volksbank Bielefeld-Gütersloh deserve our special thanks. We would also like to thank our customers, members, representatives, Supervisory Board members, and business partners for their trust and solidarity with Volksbank Bielefeld-Gütersloh.

Gütersloh, March 2023



Michael Deitert



Thomas Mühlhausen



Ulrich Scheppan

# Report of the Supervisory Board



## The Supervisory Board

**Michael Mersch** | Tax Consultant (Chairman of the Supervisory Board)

**Jürgen Both** | Graduate Business Engineer (Deputy Chairman of the Supervisory Board)

**Lena Achtermann** | Employee representative

**Christina Blankert** | Employee representative

**Thorsten Flues** | Employee representative

**Henrike Gieselmann** | Managing Director

**Markus Hüllmann** | Managing Director

**Alexander Ihde** | Managing Director

**Thomas Kahmann** | Managing Director

**Heiner Kollmeyer** | Farmer

**Carola Nüßing** | Managing Director

**Jürgen Peterburs** | Managing Director

**Katja Saalfeld** | Employee representative

**Joachim Scholz** | Lawyer

**Christian Theiß** | Employee representative

**Ernst-Dieter Thorwesten** | Managing Director

**Patrick Witte** | Employee representative

**Dr. Heiner Wortmann** | Auditor and tax consultant

The Volksbank Bielefeld-Gütersloh Supervisory Board can look back at a successful 2022 financial year. Thanks to successful transformation and convincing strategy implementation, our Volksbank was able to further expand its market position. Despite a multitude of unexpected macro-economic challenges, the Volksbank team succeeded in continuing its course of growth in the past years.

In the year under review, the Supervisory Board was regularly informed by the bank management regarding the questions incumbent on it under the statutes, articles of association and rules of procedure, and it assumed its monitoring functions and took decisions within its field of competence.

The Management Board informed the Supervisory Board over the course of seven joint meetings, most of which were held in person, about the business development, significant business transactions and future-proofing projects. Thanks to comprehensive information and extensive consultation, the Management Board's decisions were conveyed transparently and comprehensibly to the Supervisory Board at all times. The requested information was always provided in full and decisions were taken in separate votes.

During the ordinary meetings, the Management Board informed the Supervisory Board about the bank's business performance, net assets, results of operations, financial position, and risk situation at all times. The Bank's internal evaluations were discussed in detail and in an appropriate manner. The Chairman informed the Supervisory Board regarding all key business-political operations.

In addition, the committees of the Supervisory Board (4 credit, 4 risk, 2 personnel and 4 audit committee meetings) met regularly and passed the resolutions as required by the articles of association. Among other things, the audit committee is responsible for monitoring the audit of the financial statements, in particular regarding the auditor's independence and the non-audit services provided by the auditor.

Due to the foundation of its knowledge and experience as a whole, the Supervisory Board has sufficient industry and specialist knowledge as well as expertise in the fields of accounting and auditing of financial statements. The Supervisory Board reviewed these requirements as part of the self-assessment pursuant to § 25d, Par. 11

Sentence 2 numbers 3 and 4 of the German Credit Services Act (KWG). The Supervisory Board also has no conflicts of interest. Thus, the legal requirements pursuant to § 36 Par. 4 GenG (law governing the operation of cooperatives) are satisfied.

In our capacity as a supervisory body, we are satisfied that the annual financial statements have been correctly prepared from the accounting records and inventories of our bank. We received and critically reviewed the management report, the sustainability report and the statutory audit report.

During the joint audit closing meeting, the Supervisory Board dealt intensively with the audit findings regarding the monitoring of the accounting process, the effectiveness of the internal control system and the risk management system. In addition, we gained information regarding special features and any discrepancies that may arise while auditing the annual financial statements; no such discrepancies occurred.

The Genossenschaftsverband – Verband der Regionen e.V. confirmed the independence of the employees involved in the audit to us.

As a result, the Supervisory Board was sufficiently confident that the proper preparation and audit of the annual financial statements ensued, thereby contributing to the proper preparation of the accounts.

The Supervisory Board would like to thank the Management Board and all employees for their commitment and dedicated work in the past financial year.

Gütersloh, March 2023



Michael Mersch (Chairman)

# The Financial Year 2022 – Management Board Report



## **Lending business and customer deposits further expanded**

Volksbank Bielefeld-Gütersloh was able to expand its lending business by 6.2 % to € 3.92 billion (previous year: € 3.7 billion). There was also a significant increase in customer deposits: The credit balance of customers increased by 4.9 % to € 3.86 billion in the past year. Savings deposits, at € 436.8 million, decreased by 4 % (previous year: € 454.8 million), while current accounts and call money accounts, at around € 3.13 billion, were significantly higher (+ 3.7 %). At € 1.09 billion, the total of new loans for private customers, investors and the domestic economy was slightly below the level of the previous year (€ 1.10 billion). After a strong financial year 2021, Volksbank Bielefeld-Gütersloh managed to slightly increase its balance sheet total again last year: the total of all assets and liabilities as of the balance sheet date 31.12.2022 increased by 0.2 % to € 5.57 billion.

## **Leap in growth in corporate loans**

Volksbank recorded a double-digit jump in corporate loans growth last year. Entrepreneurs continued to develop their businesses and were supported by their cooperative bank with funds amounting to € 771 million. This corresponds to an increase of 11.3 % compared to the previous year. In addition, there was Corona aid amounting to € 11 million (previous year: € 21.8 million). In total, Volksbank supported companies in the region with € 728.1 million. The halving of Corona aid impressively shows the resilience with which the companies serviced by Volksbank operate in the market.

## **Strong construction financing business**

Volksbank Bielefeld-Gütersloh's construction financing business also grew again last year. Due to the expected further increase in interest rates, many investors have taken the precaution of obtaining favourable financing before the end of 2022. As a result, the team of the cooperative

bank was able to increase its turnover in the construction financing business by 5.5 % to € 492.3 million. The increase in own mortgage loans was significant, growing by 24 % to € 400.7 million. In addition, mortgage loans worth € 91.6 million in total were brokered.

## **Successful real estate investments**

With its subsidiary Geno Immobilien GmbH, Volksbank Bielefeld-Gütersloh has one of the leading real estate companies in the region in the field of marketing houses and renting flats. In total, Geno brokered 309 properties (previous year: 313) with a property volume of € 61.9 million (previous year: € 57.9 million).

In Rheda-Wiedenbrück alone, in cooperation with its subsidiary, Volksbank Bielefeld-Gütersloh invested around € 7.5 million in a spacious residential complex for Diakonie Gütersloh.

## **Hedging of foreign business more in demand**

The global political uncertainties have a direct and immediate impact on the daily business of importers and exporters. With a total of 9,590 foreign exchange transactions (+ 24.2 %), our team of specialists was able to provide our clients with extensive support in hedging currency risks. It is also gratifying that, thanks to our expertise in international business, new corporate clients regularly find their way to us through recommendation.

## **Renaissance in building savings**

In light of rapidly rising interest rates, many clients have rediscovered building savings as a hedging instrument against the interest rate. The amount of home loan savings brokered increased by 18.5 % to € 183.7 million in 2022 (previous year: € 155 million). In contrast, a decline was recorded in the insurance business. The total of new life insurance policies brokered by our partner R+V fell by 9.1 % to € 42.7 million (previous year: € 51.8 million).

### OWL KapitalPartner successfully launched

Volksbank Bielefeld-Gütersloh again strengthened and expanded its service portfolio last year by founding new start-ups. With OWL KapitalPartner Unternehmensbeteiligungsgesellschaft mbH, the bank successfully entered the market for corporate investments. OWL KapitalPartner has developed positively and has already been able to support several companies. In contrast, another start-up, the digital finance portal Fynn Academy, had a more difficult start. The tense situation in the real estate sector caused a restrained demand for e-learning courses in the field of real estate investments. Volksbank's cooperation partners continue to be the digital business banking platform Penta, Creditshelf, a financing partner for medium-sized companies, and Wertfaktor, which offers partial sales for property owners.

### The bears ruled the stock markets

As a result of the turnaround in interest rates and the geopolitical crises, not only did the Dax record a decline of twelve per cent as of 31.12.2022, but stock markets around the world also collapsed. The year 2022 was one of the weakest stock market years since the financial crisis of 2007-2008. In the wake of this development, the securities portfolios of the customer deposits also declined in the meantime; they fell by 10.9 % to € 1.5 billion. The value of Volksbank Bielefeld-Gütersloh Nachhaltigkeitsinvest was under pressure too. At the end of the year, it stood at € 170 million (- 18.4 %). Since its launch in 2009, however, the value increase still amounted to 57.7 %. The good news: Since the beginning of the year, a clear upward trend can be recorded.

### Awarded for excellent sustainability

The topic of sustainability is firmly anchored at Volksbank Bielefeld-Gütersloh. We are one of the few large companies in East Westphalia that have already achieved the goal of climate neutrality by 2021. And we have done so through optimised energy management, increased use of state-of-the-art technologies for energy generation and even better digitalisation of processes and products. The F.A.Z. Institute, a subsidiary of the Frankfurter Allgemeine Zeitung publishing group, awarded Volksbank Bielefeld-Gütersloh the "Excellent Sustainability" award last year due to its successful, future-oriented and sustainable strategy.

### Advisory services even more in demand

The advisory campaign already launched in 2021 again led to a strong increase in communication with customers and members in 2022. In the Customer Dialogue Centre, the number of virtual and personal contacts increased by 28.4 % to 361,393 (previous year 281,453). The team in the Customer Dialogue Centre also made a significant contribution to the fact that the consent of all customers to the General Terms and Conditions could be carried out very successfully. More than 90 per cent of the people who entrust their money to Volksbank have already agreed to the new GTC. With its Customer Dialogue Centre, Volksbank Bielefeld-Gütersloh can be reached almost continuously through all channels - whether by phone, website, e-mail or WhatsApp.

### The pillars of the large community

113,596 members in the region were a mainstay of the cooperative at the end of last year. 3,701 new members became enthusiastic about the cooperative idea in 2022. Volksbank Bielefeld-Gütersloh thus remains the strong member bank in the region. Motivation, commitment and convincing performance were also a trademark of the 706 employees of Volksbank Bielefeld-Gütersloh in the past financial year. The team also includes 42 trainees. The employees looked after a total of 165,342 customers and also worked successfully for the growth of their cooperative in the past year.

### Investors profit from success

The operational success of Volksbank Bielefeld-Gütersloh in 2022 will also be reflected in the dividend. After a challenging year full of macroeconomic changes, shareholders will receive a consistently high dividend. The cooperative's Board of Directors and Supervisory Board recommend a basic dividend of 2.0 % for the past year - plus a VR member bonus. The representatives' meeting still has to approve this proposal.

2 % dividends	€ 809,535.33
Transfer to other revenue reserves	€ 3,170,000.00
Carried forward to new account	€ 2,552.67
<b>Balance sheet profit</b>	<b>€ 3,982,058.00</b>

## **New challenges due to interest rate hike**

It can be assumed that the ECB will continue to gradually adjust the key interest rate upwards in the current year in order to get inflation under control. Savers will definitely get interest again – and that's a good thing. Those who want to borrow money, on the other hand, will have to accept higher costs. In the construction financing sector, this will not remain without consequences. In addition, the economy's financial leeway will be reduced. It is not yet clear how strong the economic dampener will be. However, we assume that our economically robust market environment will survive this phase relatively well. As usual, Volksbank Bielefeld-Gütersloh will intensively accompany and support the companies in the region, enable them to invest and offer them financial facilities.

## **... a new future-oriented “Volksbank in East Westphalia”**

The change in the economy and society can also be seen in the financial services industry. New complex customer requirements, high investment, cost and margin pressure, comprehensive regulatory requirements and the digital transformation have to be mastered. In addition, there are new market competitors: young, fast and innovative start-ups and FinTechs. Our Volksbank Bielefeld-Gütersloh will have to break new ground in order to shape a successful future for our commercial and private customers, for our members and for our employees. These are the framework conditions that all credit institutions must face – including us.

Against this background, the management team of Volksbank Bielefeld-Gütersloh has started merger talks with the neighbouring Volksbank Herford-Mindener Land after a successful exploratory phase. The intended merger at eye level is to take place on 1 January 2024. The name of the new cooperative has already been decided and is a state ment for the entire region: Volksbank in Ostwestfalen eG.

## **Added value for customers**

Our goal is to use the merger to create new potential and perspectives for all involved. Both Volksbanks are excellently positioned and are ideal partners. We want to combine our strengths in a future-oriented financial institution and thus not only secure our core businesses but also develop them further. The new Volksbank in East Westphalia will have total assets of more than ten billion euros and employ around 1,200 people. 290,000 customers and more than 192,000 members will be comprehensively advised and serviced by the credit institution at 95 locations.

With this impressive performance strength, we can build up new, profitable business areas and ecosystems, strengthen our cooperative substance and open up a multitude of new strategic opportunities from which our customers benefit in the same way.

## **In the region for the region**

We remain firmly rooted in the region and want to expand the existing customer proximity of both houses. We have already taken the first steps towards a merger. The representatives of both Volksbanks will decide on the merger in two extraordinary representative meetings in autumn 2023. With a positive decision, the course for the Volksbank in East Westphalia will then be legally set for 1 January 2024.

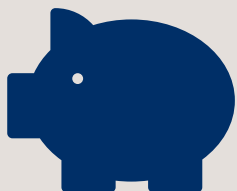
With the merger, we want to seize a historic opportunity for two credit institutions that are an excellent economic and cultural fit. Together we want to be the first choice for the region, for the people who live here and for the companies that do business here. And together we will shape the future of banking.



# An Overview of the Year

## Customer deposits in € billion

In the previous year € 3.68 billion



3.86

+ 4.9 %

## Receivables from customers in € billion

In the previous year € 3.70 billion

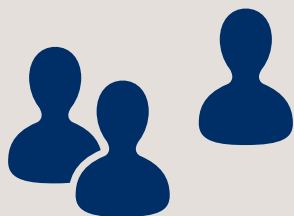
3.92

+ 6.2 %



## Total members

New members 3,701



113,596

+ 0.4 %

## shares

Increase by 129,685

477,949

+ 37.2 %



## Regional commitment in €

Shaping the cooperative idea together

141,000

Sponsoring

42,200

Volksbank foundation



347,400

Donations

+ 13.9 %

530,600

# Balance Sheet

Annual balance sheet on  
31.12.2022  
(abbreviated form)

	2022	Previous year	Change
	€T	€T	€T
<b>Assets</b>			
Cash reserves	447,000	459,867	-12,867
Loans and advances to credit institutions	68,447	227,495	-159,048
Receivables from customers	3,918,609	3,691,555	227,054
Securities and participations	946,690	1,020,292	-73,602
Property, plant and equipment (incl. software)	92,001	79,217	12,784
Active deferred taxes	54,322	45,173	9,149
Other assets	40,767	35,749	5,018
<b>Balance sheet total</b>	<b>5,567,836</b>	<b>5,559,348</b>	<b>8,488</b>
<b>Liabilities</b>	€T	€T	€T
Liabilities to credit institutions	1,036,547	1,223,130	-186,583
Liabilities to customers	3,859,637	3,678,523	181,114
Securitised liabilities	(0)	(0)	(0)
Provisions	60,593	64,866	-4,273
Other liabilities	28,197	28,197	(0)
Funds for general bank crises	262,500	262,500	(0)
Equity	320,362	302,132	18,230
<b>Balance sheet total</b>	<b>5,567,836</b>	<b>5,559,348</b>	<b>8,488</b>

# Profit and loss account



Profit and loss account  
as of 31.12.2022  
(abbreviated form)

	2022	Previous year	Impact on results
	€T	€T	€T
Interest income	88,118	82,500	5,618
Interest expenses	-6,844	-7,713	869
Current income from securities and investments	7,402	6,214	1,188
Commission result	35,009	35,364	-355
Other operating income	5,583	3,579	2,004
Personnel expenses	-44,599	-41,151	-3,448
Other administrative expenses	-25,379	-23,480	-1,899
Depreciation and value adjustments on property, plant and equipment	-4,462	-4,227	-235
Other operating expenses	-2,311	-4,711	2,400
Valuation result	-47,436	-16,460	-30,976
<b>Surplus from ordinary activities</b>	<b>5,081</b>	<b>29,915</b>	<b>-24,834</b>
Extraordinary result	(0)	(0)	(0)
Taxes	893	-7,885	8,778
thereof: Income from deferred taxes	9,149	4,949	4,200
Allocations to funds for general bank crises	(0)	-13,200	13,200
<b>Net profit for the year</b>	<b>5,973</b>	<b>8,830</b>	<b>-2,857</b>
Profit brought forward from previous year	9	13	-4
Transfer to earnings reserves	-2,000	-4,000	2,000
<b>Balance sheet profit</b>	<b>3,982</b>	<b>4,843</b>	<b>-861</b>

**Relevant Auditing Association**  
Genossenschaftsverband –  
Verband der Regionen e.V.  
Ludwig-Erhard-Allee 20  
40227 Düsseldorf

The complete annual financial statements (balance sheet, profit and loss account and annex), and the management report with auditor's certificate from Genossenschaftsverband – Verband der Regionen e.V., Düsseldorf, will be published in the electronic Federal Gazette after approval by the Representatives' Meeting.



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